

**MINUTES OF REGULAR MEETING  
OPEN SESSION  
ILLINOIS GAMING BOARD  
March 21, 2007  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Wednesday, March 21, 2007 a Regular Meeting of the Illinois Gaming Board (“Board”) was held in the conference room of the Gaming Board Offices on the 3<sup>rd</sup> floor at 160 N. LaSalle for closed session.

The following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Joseph Moore, James Sullivan and Eugene Winkler.

At 9:50 a.m. on Wednesday, March 21, 2007 Chairman Jaffe called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (11), and (14) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending Litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees; and**
- 3. Personnel matters.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote. The Board remained in Closed Session until approximately 12:25 p.m. The Board went into Open Session at 1:15 p.m.

**CHAIRMAN'S REPORT -**

The Chairman stated that the legislature is back in session and hopefully our independence bill will be moving forward.

**BOARD MEMBER'S COMMENTS -**

Member Winkler addressed Par-A-Dice; referencing their owner license update. The Board is very concerned with PAD's charitable giving. Member Winkler and the rest of the Board were not impressed with the charitable giving from PAD; no amounts on the contributions. A mental note was made that PAD gave nothing to charities, only amounts were given through the gaming tax revenues. Nothing was given out of the AGR. Casinos must give something back to the community. Member Winkler stated that PAD needs to be aware when they come back up for their renewal next year PAD will be questioned more closely in reference to that.

Member Moore stated that the Board feels very strongly referencing charitable contributions to the community, the employment data does not represent the surrounding community. Member

Moore went on to state that he himself is also very disappointed about the employment data. He felt that it does not truly represent the community in terms of hiring. Member Moore stated that he felt that PAD is doing a very poor job with the diversity situation. Perhaps in a year from now, it will be more note worthy.

Member Gardner added to Member Winkler's comments. Member Gardner termed it as investing in the community. Member Gardner stated that these are monies that PAD could put to work in the community to make the community better. Member Gardner stated that he strongly encourages PAD to invest heavily in the community. He referenced page 12 of the report pertaining to capital expenditures. No indication of how much of the \$8M was spent in the State of Illinois, with minority or women owned businesses. He went on to mention that the Board is in support of using a diverse set of vendors and suppliers, contractors, etc. Perhaps PAD could provide back-up information next week as to that issue. Member Gardner also called attention to the fact that on page 60; reference was made to operating purchases from MBE and WBE's and went on to read in 2006 1/10 of 1% of PAD's purchases were from minority owned businesses according to the report, and 1.3% were from women owned businesses. Member Gardner also commented that does not make a lot of sense. He suggested that as the renewal period expires in the next year and PAD comes back in 2008; he hopes to see some strong improvement in that area.

Member Sullivan suggested that the turnover in the position of leadership which is reflected in the change of the general managers which the Board was discussing today; and the concern of course is that there has been such a turnover in the general managers and that in some way may be contributing to the problems that the Board is focusing on today. Member Sullivan asked that be examined.

#### **APPROVAL OF MINUTES –**

Member Moore moved that **the Board approve the closed session minutes of its Regular Meeting of January 8 & 9, 2007 and Special Meeting of February 6 & 7, 2007, and Regular Meeting of February 21, 2007 and open session minutes of the Regular Board meeting of January 8 & 9, 2007 and the Special Meeting of February 6 & 7, 2007, and Regular Meeting of February 21, 2007**. Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

#### **BOARD POLICY ITEMS –**

Rulemaking – Self Exclusion Program (procedure and requirements for removal from Self Exclusion list) Second Notice and Adoption Upon Approval from JCAR

Mike Fries, Chief Counsel went on to explain that this was up last month when our meeting was held in Springfield, the Board had a very healthy discussion in open session. There was resolution on two of the three items, which included the waiver issue and a search issue of self-excluded persons that were discovered on the property. Remaining to be decided on the Board is the area that will be called the self-exclusion zone and the issue was whether or not the area would be the entire riverboat gambling operation or would it be the area within the admission

turn styles. Mike pointed out for the record that the Illinois Casino Gaming Association has withdrawn its comments regarding this issue. The Board still needs to resolve the issue today in open session. Originally it was brought to the Board's attention that there were a number of Rules that referred to the restriction area of the zone differently. In one Rule it was referred to the entire gaming operation and another Rule it was referred to as the gaming area. There was no uniformity. The staff's attempt originally was to provide some uniformity to the Rule and the way it was proposed last fall was to encompass the entire riverboat gambling operation.

Member Gardner asked if it was not true that the way it is proposed in the current Rules states "everything inside the turnstyles"? Mike went on to explain that in some Rules it is referred to as the gaming area. What was proposed last fall was to try to get some uniformity to the area so that both the public and the licensees and the Gaming Board agents know exactly what area is being talked about.

Member Winkler stated that the motion that is before us today would define the area as that within the turnstyles. Mike went on to state that is an option that the Board has. The motion today is that staff would be able to proceed to second notice filing with the Secretary of State with the Rules as revised based upon what the Board does today in open session. The options that the Board has been discussing are to make that area the entire riverboat gambling operation or the area within the admission turnstyles which is different in every casino.

The Chairman stated that this seems to be about two separate issues. One the area, and the other the scanning of driver's licenses of all under the age of 30.

Member Winkler stated that he would be in favor of anything inside the turnstyles as the gaming area, rather than including a larger area. It is easily defined. The second issue, the age limit for self-exclusion; the gamblers are well above the age of 30. The present identification system needs to be addressed.

Member Gardner suggested that perhaps the motion should go on record and then comment on it at a later time.

Mike Fries stated that the motion is for staff to present the Rules to JCAR for second notice filing as revised. The only issue that remains to be resolved is what is the self-excluded zone; would that be the area within the admission turnstyles? Members of the Board were in agreement that is the way it should be.

Member Sullivan moved **that the Board authorize staff to submit proposed Rules 3000.400, 3000.425, 3000.435, 3000.700, 3000.701, 3000.705(repealed), 3000.710, 3000.720, 3000.730, 3000.740, 3000.745, 3000.750, 3000.770, 3000.780, 3000.782, 3000.785, 3000.786, 3000.787 and 3000.790 for Second Notice Filing with the Joint Committee on Administrative Rules as revised.**

Further, Member Sullivan moved that **the Board authorize the final adoption and publishing of the above-referenced rules, provided no material changes are made to**

**these rules during the Second Notice process.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Gardner went on to state for clarification, that if the motion was passed the excluded area will be inside the tunrstyles. Member Gardner went on to state about the letter from ICGA which indicated that they were withdrawing comments on a number of sections they are not withdrawing comments on section 3000.770(c)(2)(3), 3000.756(a)(2) and 3000.782(a)(6). Mike stated that these sections have to do with the waiver issue when a self-excluded person seeks to get off the list, they must provide the Board with a waiver.

**OWNER LICENSEE ITEMS –**

a. Items for Initial Consideration –

- Par-A-Dice – Request for Replacement of Existing Bank Credit Facility

Martha Sabol addressed the Board, asking for initial consideration of the Bank Credit Facility.

b. Items for Final Action -

- Casino Queen – Third Amendment to Credit Agreement

Jeff Watson addressed the Board. Also present were Tom Monaghan, Ray Kramp general contractor from Clayco and Bob Barrows, Chief Financial officer. Also presented was a brief status on the construction update.

Ray Kramp showed an aerial photo of the site. He went on to explain the facets of the construction.

Ray also reported on the minority participation goals. 40% on MBE and 3% on the WBE. 90% of the contracts are already awarded.

Member Gardner asked if the goal on that was 5%. Mr. Kramp stated that the combined goal on the MBE/WBE was 25%.

The number fluctuates month by month. It depends on what trade is out there; some have a higher level of minority work force than others. It does change.

Member Moore asked how many African Americans, how many Hispanics, etc. He also asked that more accurate figures be presented. Member Gardner also was shocked on the minority numbers. Mr. Kramp tried to explain the numbers are from the surrounding communities due to the contractors, which are all union based.

Member Moore had questions about the diversity of the contractors. Ray Kramp from Clayco stated that as last time when the question was presented, the contractors are based on their union

status and there is not much that can be done without the union. This whole project is union construction.

Member Gardner asked for the record numbers for Busch Stadium. Mr. Kramp said it was less than the figures just presented.

Member Winkler stated that he did not understand the reasons why the numbers are down. Mr. Kramp stated that it was to do with the unions. That is what the whole project is. A union job governs the numbers.

Member Moore asked if Tom Monaghan is satisfied with the numbers. Mr. Monaghan stated that Clayco is one of the most aggressive firms in the St. Louis region in reference to the diversity issues. We work very hard to attain the best numbers they can. Member Gardner stated that a newspaper article was shown to the Board from St. Louis that cited the Clayco Legacy record in achieving diversity goals. He also went on to state that despite the Board's criticism they commended them for that. Construction is a little different; they put their best foot forward. Member Winkler stated that Clayco should be commended and the Casino Queen for the efforts that are being made in the area of minority hiring and minority contractors. Member Moore asked if the young man that was here last year; was still with the company; Ray Kramp stated that young man was Todd, he is the joint venture partner. Member Moore asked if he was still with the company, and also asked if that was working out. Mr. Kramp assured him that all was well.

Member Gardner stated that for the record he wanted to understand that the budget calls for \$82M; and could include up to as much as \$11M worth of TIF money but that it could also include up to \$75M in bank financing but not both. If TIF funds were used the bank financing would be reduced.

Based on a review of staff's investigation and recommendation, Member Gardner moved, **pursuant to section 230(d) of the Board's Adopted Rules, to approve Casino Queen's request for IGB approval of a Third Amendment to Credit Agreement between Casino Queen and Wells Fargo Bank and other lenders identified therein, for the purpose of, in part, increasing its aggregate commitment from sixty-five million dollars (\$65M) to seventy-five million dollars (\$75M) and revising the aggregate commitment reduction schedule.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Empress Casino – Request for Approval to Purchase Surveillance Equipment

Based on a review of staff's investigation and recommendation, Member Winkler moved, **pursuant to section 230(d)(1)(J) of the Board's Adopted Rules, to approve Empress Casino's request to purchase surveillance equipment from American Video & Security.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Empress Casino – Michael E. Erwin Internal Auditor – Level One

Based on a review of staff's investigation and recommendation, Member Moore moved **that the Board approve Michael E. Erwin, Level One Occupational Licensee in the position of Internal Auditor at Empress Casino Joliet Corporation.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Casino Queen - Edward Muzzey, Director of Security - Level One

Based on a review of staff's investigation and recommendation, Member Sullivan moved **that the Board approve Edward Muzzey, Level One Occupational Licensee in the position of Director of Security at Casino Queen Hotel and Casino in East St. Louis, Illinois.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Harrah's Joliet - Deanna Shannon, Manager of Information Technology - Level One

Based on a review of staff's investigation and recommendation, Member Gardner moved **that the Board approve Deanna Shannon, Level One Occupational Licensee in the position of Manager of Information Technology at Harrah's Joliet Casino and Hotel.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

- Par-A-Dice – John Frederick Sou, V.P. and General Manager – Level One

Based on a review of staff's investigation and recommendation, Member Winkler moved that **the Board approve John Frederick Sou, Level One Occupational Licensee in the position of Vice President and General Manager of Par-A-Dice Gaming Corporation.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Grand Victoria Casino – Mark B. Blackman, Director of Table Games – Level One

Based on a review of staff's investigation and recommendation, Member Moore moved **that the Board approve Mark B. Blackman, Level One Occupational Licensee in the position of Director of Table Games for Elgin Riverboat Resort d/b/a Grand Victoria Casino.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Harrah's Metropolis – Cindy Annette Goldwing, Assistant V.P. of Casino Operations – Level One

Based on a review of staff's investigation and recommendation, Member Sullivan moved that **the Board approve Cindy Annette Goldwing, Level One Occupational Licensee as Assistant Vice President of Casino Operations for Harrah's Metropolis Casino & Hotel in Metropolis, Illinois.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

**SUPPLIER LICENSEE ITEM –**

- Konami Gaming, Inc. – License Renewal

Based on a review of staff's investigation and recommendation, Member Gardner moved that **the Board renew the Supplier's license of Konami Gaming, Inc. for a period of four (4) years commencing retroactively to February, 2007 and expiring in February 2011.**

**Staff further recommends that the Board designate the following individuals/positions as Key Persons of Konami:**

1. **Konami Corporation**
2. **Konami Corporation of America**
3. **Chief Executive Officer**
4. **Chief Operating Officer**
5. **President**
6. **Kagemasa Kozuki**
7. **Satoshi Sakamoto**
8. **Stephen Sutherland**

Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

- Happ Controls, Inc. - New Supplier

Based on a review of staff's investigation and recommendation, Member Winkler moved that **the Board grant an initial Supplier's License for a term of one (1) year in accordance with Section 3000.240a(1) of the Board's Adopted Rules and approve Happ Controls, Inc. to supply electronic gaming devices to licensed casinos in the State of Illinois, pursuant to the requirements of the IGB as listed in the Adopted Rules.**

In conjunction with the approval, Member Winkler moved that **the Board formally designate the following position and individuals as Key Persons of the licensee:**

1. **Pfingsten Partners, LLC;**
2. **Happ Controls, LLC;**
3. **Happ Acquisition, Inc.;**

4. **Chief Executive Officer of Happ Controls, LLC;**
5. **President of Happ Controls, LLC;**
6. **President of Happ Acquisition, Inc.;**
7. **President of Happ Controls, Inc.;**
8. **Thomas B. Happ;**
9. **Thomas S. Bagley;**
10. **James J. Norton and**
11. **John H. Underwood.**

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- WMS Gaming, Inc. – License Renewal

Based on a review of staff's investigation and recommendation, Member Moore moved **that the Board approve the renewal of WMS Gaming Supplier's License for a period of four (4) years expiring in February 2011.**

Member Moore further moved **that WMS Gaming, Inc. be authorized and approved to supply electronic gaming devices to licensed casinos in the State of Illinois, pursuant to the requirements of the IGB as listed in the Adopted Rules.**

Further, Member Moore moved **that the following positions, individuals and corporations be designated and approved as Key Persons of WMS Gaming Inc.:**

1. **Chief Executive Officer;**
2. **Chief Operating Officer;**
3. **Brian Gamache;**
4. **Orrin J. Edidin and**
5. **WMS Industries, Inc.**

Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

#### **OCCUPATIONAL LICENSES APPROVAL & DENIALS – LEVEL 2's & 3's**

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board approve 27 applications for an Occupational License, Level 2, and 74 applications for an Occupational License, Level 3.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board direct the Administrator to issue a Notice of Denial to the following individuals who received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation.**

1. **Ranier Muniz;**
2. **Petrina Harris;**
3. **Crystal Smith;**
4. **Jason Kelch;**
5. **Denise Ibarra and**
6. **Jose Gaitan.**

Member Moore seconded the motion. The motion passed 3 to 2 with Members Gardner and Winkler voting nay.

#### **PROPOSED COMPLAINTS AND DISCIPLINARY ACTION**

- Alton Belle Casino

Based on the staff's investigation and recommendation, Member Gardner moved that **the Board issue a Disciplinary Complaint against Alton Belle Casino, based upon Alton Belle's failure to install locks on 12 bill validator drop boxes before they were placed into EGD's on the gaming floor, failure of the surveillance department to monitor and detect that the bill validator drop boxes were missing locks during the bill validator drop and the failure of the count team to timely notify the Board and Alton Belle management or security of the missing locks on the 12 bill validator drop boxes.**

Further, Member Gardner moved that **the Board impose a fine of \$50,000.00 on Alton Belle Casino. Said action to take effect twenty-one days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Petrina Harris

Based on the staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Petrina Harris for Ms. Harris' failure to notify or document the fact that certain surveillance tapes had been incorrectly used and contained tapes that had been taped over.** Further Member Winkler moved that **the Board revoke Ms. Harris' occupational license said action to take effect 21 days from the date of service of the complaint unless the licensee files an answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

#### **ADMINISTRATIVE HEARING/ALJ REPORTS -**

- David Jones – Request for Hearing

Member Winkler moved that **the Board deny David Jones' request for hearing pursuant to section 405 of the Adopted Rules.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

**ADJOURNMENT**

**At 2:15 p.m. Member Gardner moved to adjourn. Member Winkler seconded the motion.**

Respectfully submitted,

Mary C. Boruta  
Secretary to the Administrator